# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:4314
ANSWERED ON:11.08.2017
Bank Preparation for Demonetisation
De(Nag) Dr. (Smt.) Ratna;Kumar Shri Santosh

**Will the Minister of FINANCE be pleased to state:**

(a) whether his Ministry is aware that the banking system was not fully prepared/ equipped to tackle the situation arising due to sudden ban on Rs. 500 and Rs. 1000 notes;
(b) if so, the details thereof and the reasons therefor; and
(c) the extent by which the said ban has helped in improving the Indian economy?

## Answer

(a) & (b) To ameliorate the inconvenience caused to the various sectors post the cancellation of legal tender character of Specified Bank Notes, banks were advised the following:
â€¢ Additional measures were introduced by way of special dispensation for small merchants and enhancement in limits for semi-closed Prepaid Payment Instruments (PPIs).
â€¢ For providing exchange / deposit/ withdrawal facility to people residing in remote/ unbanked areas, banks have been advised to consider using mobile vans.
â€¢ Banks were advised to deploy their Micro ATMs (Bala Mitras, etc) near village Panchayat Offices, Police Stations/ Police and military Outposts, Government Departments, offices of Public Sector Units, Petrol Pumps and other similar secure locations. As it may entail larger volume of cash requirements, Banks were advised to enhance the limits of the micro ATMs to at least ? 50,000 and allow frequent replenishment of cash to them.
â€¢ Consequent upon withdrawal of the legal tender status, it was felt that small borrowers might need more time to repay their loan dues. Accordingly all entities regulated by RBI were advised to provide an additional 60 days beyond what is applicable for the concerned regulated entity (RE) for recognition of a loan account as substandard in certain cases.

(c) As the Economic Survey, 2016-17 indicated, over the medium and long run, implementation of GST, follow-up to demonetisation and other structural reform measures should help in improving the trend rate of growth of the economy. The growth of any sector depends on various global and domestic factors, including monetary factors (which is partly effected by demonetisation). Therefore, it is not possible to isolate the impact of demonetisation on performance of any sector.